Manitoba

Annual Report 2000 - 2001

Intergovernmental Affairs

The Manitoba
Water Services Board

MINISTER OF
INTERGOVERNMENTAL AFFAIRS

Room 301
Legislative Building
Winnipeg, Manitoba, CANADA
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August 28, 2001

His Honour
The Honourable Peter M. Liba, C.M.
Lieutenant Governor of the Province of Manitoba
235 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 2000 to March 31, 2001. This report records the activities of the Board for that period.

Yours sincerely,

Jean Friesen

Jean Friesen
Minister

Manitoba

Intergovernmental Affairs

The Manitoba Water
Services Board

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August 28, 2001

The Honourable Jean Friesen
Minister of Intergovernmental Affairs
301 Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour of presenting to you the Twenty-Ninth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 2001, together with the financial statements of the Board for the same period.

Yours respectfully,

Marie Elliott
Chairperson

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The Manitoba Water Services Board

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Deputy Minister
Intergovernmental Affairs

Claudia Boyce[2]
Winnipeg, Manitoba

Alvin Jones
Killarney, Manitoba

Val Sissons
Portage la Prairie, Manitoba

John Welsted[3]
Brandon, Manitoba

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[1] Marie Elliott replaced Winston Hodgins as Chairperson
[2] Claudia Boyce replaced Board Member Ken Douglas
[3] John Welsted replaced Board Member Art Sear

The Manitoba Water Services Board

Foreword

The Manitoba Water Services Board (Board) was established in July 1972 as a Crown Corporation, under *The Manitoba Water Services Board Act*, to assist in the provision of water and sewerage facilities for the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board (1959-1972), taking over all responsibilities of the former Board, owning and operating 38 water supply installations in the Province.

In August 1981, the head office of The Manitoba Water Services Board, formerly in Winnipeg, was transferred to Brandon, Manitoba. The Board's primary mandate is the delivery of a Sewer and Water Program, which provides for the installation or upgrading of sewer and water facilities in Manitoba communities.

In 1984, the Board assumed the responsibility of delivering a Water Development Program, which provides for the construction of agricultural area pipelines and farm water sources, with the primary objective being to provide a dependable, sustainable water supply in rural Manitoba. The Board has also been involved in a number of partnership agreements with the Government of Canada, the most recent one being the Partnership Agreement on Municipal Water Infrastructure (PAMWI), to assist key centres in southern Manitoba strengthen opportunities for sustainable development, between 1990-2000.

In 1994, the Board assumed responsibility for managing the Conservation Districts Program which, through partnerships with participating municipalities, provides sustainable soil and water management programs in 13 Districts covering over 60% of agro Manitoba.

The Board, made up of four citizen members chaired by the Deputy Minister of Manitoba Intergovernmental Affairs, reports to the Legislature through the Minister of Intergovernmental Affairs. The Board's activities are managed by a team headed by the General Manager.

The Board, under the authority of the Act, may enter into agreements with any organized area of the Province, including municipalities, local government districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Aboriginal and Northern Affairs, and (c) those areas of the Province under Federal Government jurisdiction.

Once an application for assistance or a resolution is received, the Board prioritizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, an offer (Agreement) is submitted to the municipality for the construction of new works, extensions and/or improvements to existing works. After the municipality has received the necessary Municipal Board approvals, the Agreement is executed and the Board enters into the necessary contracts for Engineering services and construction of the works.
Generally, the Board provides Project Management, including interim financing and tendering of all construction contracts, for the projects undertaken.

Objectives

The Manitoba Water Services Board has the following specific objectives:

a) To encourage municipalities to assume responsibility of ownership, operating and maintenance of water treatment plants constructed prior to 1972.

b) To assist municipalities with the construction of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) To assist municipalities in the transmission of water from a source of supply or a point of storage to a point of acceptance by the individual.

d) To assist municipalities with the construction of works for the collection of sewage.

e) To assist municipalities with the construction of works for the treatment and disposal of sewage.

f) To assist agricultural communities with the upgrading of water supply/treatment facilities and/or sewage treatment systems.

g) To provide assistance to municipalities to establish Conservation Districts to carry out programs that support Provincial sustainable development and economic objectives in the areas of soil and water management, habitat enhancement and water quality.

Capital Programs

To meet its objectives, the Board enters into agreements with Municipalities and/or Water Cooperatives, to provide technical and financial assistance to construct and/or upgrade water and/or sewerage infrastructure works. The primary objective is to ensure that a safe and sustainable water supply is available and that the wastewater is treated and disposed of in an environmentally sustainable manner.

Generally, the Board's total annual expenditure for water and sewerage, including Municipal and Federal contribution, is approximately $30.0M. Total expenditure under the Conservation Districts Program is $5.0M (Provincial share $3.0M).

La Commission des services d'approvisionnement en eau du Manitoba

Avant-propos

La Commission des services d'approvisionnement en eau du Manitoba est une société d'État créée en juillet 1972 en vertu de la *Loi sur la Commission des services d'approvisionnement en eau du Manitoba.* Sa raison d'être est de faciliter l'approvisionnement en eau et l'installation de systèmes de traitement des eaux usées au bénéfice des résidants des régions rurales du Manitoba. La Commission a succédé à la Manitoba Water Supply Board (1959-1972), héritant de toutes ses responsabilités ainsi que des 38 stations d'approvisionnement en eau qu'elle gère dans l'ensemble de la province.

En août 1981, le siège social de la Commission des services d'approvisionnement en eau du Manitoba a été transféré de Winnipeg à Brandon, au Manitoba. La mission principale de la Commission consiste à mettre en œuvre le Programme de service d'eau et d'égouts qui s'occcupe de l'installation et de l'amélioration des systèmes d'eau et d'égouts dans les communautés du Manitoba.

En 1984, la Commission a pris en charge la mise en œuvre du Programme pour l'amélioration des services d'approvisionnement en eau. Ce programme se consacre à la construction de canalisations d'eau dans les régions agricole et à la construction d'infrastructures d'approvisionnement des fermes en eau. L'objectif principal est de fournir aux régions rurales du Manitoba un approvisionnement en eau fiable et renouvelable. La Commission a également conclu plusieurs ententes de partenariat avec le gouvernement canadien. La plus récente est l'Entente d'association sur les infrastructures hydrauliques municipales dont l'objectif était d'aider les principaux centres du sud du Manitoba à augmenter les occasions de développement durable, entre 1990 et 2000.

En 1994, la Commission a pris en charge la gestion du Programme des districts de conservation. En vertu des partenariats établis avec les municipalités participantes, des programmes de renouvellement des terres et de gestion de l'eau sont offerts dans 13 districts couvrant plus de 60 % de la surface agricole du Manitoba.

Quatre citoyens forment le conseil d'administration de la Commission qui est présidée par le sous-ministre des Affaires intergouvernementales. La Commission rend compte à l'Assemblée législative par l'entremise du ministre des Affaires intergouvernementales. Les activités de la Commission sont gérées par une équipe dirigée par le directeur général.

En vertu de la *Loi*, la Commission peut conclure des ententes avec toutes les administrations locales de la province, notamment les municipalités, les districts d'administration locale, les villages et les villes, à l'exception a) de la ville de Winnipeg, b) des régions relevant du ministre des Affaires autochtones et du Nord et c) des régions de la province relevant du gouvernement fédéral.

Dès qu'elle reçoit une demande d'aide ou une résolution, la Commission détermine la priorité du projet. Puis, sous réserve d'acceptation et de fonds disponibles, elle effectue les recherches physiques et techniques nécessaires. On présente alors à la municipalité une offre (entente) de construction des nouveaux ouvrages, ou d'extension ou d'amélioration des ouvrages existants. Dès que la municipalité obtient les approbations indispensables de son conseil municipal, l'entente est mise en œuvre et la Commission entame le processus nécessaire d'attribution des contrats de services d'ingénierie et de construction des ouvrages. En règle générale, la Commission assume la gestion du projet, y compris le financement provisoire et les appels d'offres pour tous les contrats de construction.

Objectifs

Voici les objectifs précis de la Commission des services d'approvisionnement en eau du Manitoba :

a) encourager les municipalités à assumer leur responsabilité quant à la propriété, l'exploitation et l'entretien des stations de traitement d'eau construites avant 1972;

b) aider les municipalités à construire les stations et ouvrages nécessaires pour se procurer l'eau, la recueillir, l'entreposer, la traiter, la purifier et l'acheminer;

c) aider les municipalités à acheminer l'eau de sa source ou de son lieu d'entreposage jusqu'au point d'alimentation accepté par les particuliers;

d) aider les municipalités à construire les ouvrages nécessaires à la collecte des eaux usées;

e) aider les municipalités à construire les ouvrages nécessaires au traitement et à l'évacuation des eaux usées;

f) aider les communautés agricoles à améliorer les installations d'approvisionnement et de traitement des eaux naturelles, ainsi que les systèmes de traitement des eaux usées;

g) aider les municipalités à mettre sur pied des districts de conservation pour mettre en œuvre les programmes qui appuient les objectifs de la province en matière d'économie et de développement durable, plus précisément en ce qui concerne la gestion du sol et de l'eau, la mise en valeur de l'habitat et la qualité de l'eau..

Programmes d'immobilisations

Pour atteindre ses objectifs, la Commission conclut des ententes avec les municipalités ou les coopératives d'eau afin de fournir une aide technique et financière leur permettant de construire ou d'améliorer des infrastructures hydrauliques ou de traitement des eaux usées. L'objectif principal est de garantir un approvisionnement en eau sécuritaire et renouvelable, ainsi que le traitement et l'évacuation des eaux usées d'une façon renouvelable et respectueuse de l'environnement.

En général, les dépenses totales de la Commission en matière d'eau naturelle et d'eau usée s'élèvent à 30 millions de dollars par an (cette somme inclut les contributions municipales et fédérales). Les dépenses totales pour le Programme des districts de conservation s'élèvent à cinq millions de dollars, dont trois millions fournis par la province.

Activities Carried Out To Meet The Objectives

Water Treatment Plants (Previously Constructed Works)

The Manitoba Water Services Board acquired 38 water treatment plants constructed under the authority of *The Manitoba Water Supply Board Act*.

To meet the objectives of the Board and at the request of the municipalities, the Board has transferred the following water treatment plants:

Hartney, Town	January 1, 1979
Altona, Gretna, Rhineland	March 31, 1987
Letellier, (Montcalm, R.M.)	March 31, 1987
Winkler, Town	January 1, 1989
Holland, (Victoria, R.M.)	December 1, 1991
Gilbert Plains, Town	April 1, 1992
Dominion City, (Franklin, R.M.)	July 1, 1993
St. Jean Baptiste, (Montcalm, R.M.)	December 31, 1993
Ste. Rose du Lac, Village	December 31, 1993
Ste. Agathe, (Ritchot, R.M.)	April 1, 1994
Hamiota, Town	January 1, 1998
Erickson, Town	January 1, 1998
Cartwright, Village	January 1, 1998
Deloraine, Town	April 1, 1998
St. Claude, Village	April 1, 1998
Kenton, (Woodworth, R.M.)	July 1, 1998
Angusville, (Silver Creek, R.M.)	January 1, 1999
Manitou, Town	April 1, 1999
Reston, (Pipestone, R.M.)	April 1, 1999
Russell, Town	April 1, 1999
Elie, (Cartier, R.M.)	June 1, 1999
Pilot Mound, Town	August 1, 1999
Benito, Village	April 1, 2000
Kelwood, (Rosedale, R.M.)	October 1, 2000
Rossburn, Town	November 1, 2000

The Manitoba Water Services Board Act requires the Board to fix water rates for plants constructed prior to 1972 to recover costs pertaining to the services supplied. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board, which indicate a return of full capital costs and operating deficits based on a 35 year operating life.

At the beginning of the fiscal year the Board owned and operated 16 water treatment plants. During the year ending March 31, 2001 the Board had transferred 3, leaving 13 plants under the authority of the Board.

Effective April 1, 2000 water rates remained unchanged at Baldur, Belmont, Bowsman, Ethelbert, McCreary, Minitonas, Notre Dame de Lourdes, Rossburn, Sandy Lake and Somerset. The water rate was increased at Inglis, Oak River and Strathclair from $7.64 to $7.78 per thousand Imperial gallons.

As the Previously Constructed Water Plants did not receive a Provincial grant during construction and as an inducement to the Municipality to assume the ownership, including operating and maintenance of these plants, The Manitoba Water Services Board has offered to assume the deficit as at the time of transfer.

Water Treatment Plants (Previously Constructed Works)

Sale of Water Town or Municipality	Consumption 2000-01	Actual Cost of Production per 1,000 I.G.	April 1/01 Selling Price 1,000 I.G.	Type of Treatment
Argyle, (R.M.)(Baldur)	6,208,250	5.300	5.30	B,C,E
Blanshard, (R.M.)(Oak River)	2,511,645	7.780	7.97	C,E, GA
Bowsman, Village	5,441,700	6.300	6.30	E,F
Ethelbert, Village	4,667,000	5.800	5.80	C,E
Harrison, (R.M.)(Sandy Lake)	6,376,746	5.000	5.00	C,E
McCreary, Village	13,638,000	2.000	2.00	E,F
Minitonas, Town	7,820,000	7.560	7.56	B,E, GB
Notre Dame de Lourdes, Village	19,953,600	3.300	3.30	C,E, GA
Rosedale, (R.M.)(Kelwood)	1,823,000	7.640	-	E
Rossburn, Town	8,411,700	4.700	-	B,C,D,E
Shellmouth-Boulton, (R.M.)(Inglis)	3,011,200	7.780	8.74	C,E
Somerset, Village	10,863,300	3.180	3.18	C,E
Strathclair, (R.M.)(Strathclair)	6,347,825	7.510	7.69	C,D,E
Strathcona, (R.M.)(Belmont)	4,146,000	6.900	6.90	C,E
Winnipegosis, Village	9,444,005	7.000	7.31	B,E,CA

Type of Treatment:

B - Fluoridation

C - Iron and/or manganese removal

D - Zeolite softening

E - Chlorination

F - Filtration

GA - Membrane, Nano

GB - Membrane, Reverse Osmosis

Sewer and Water Program

Water Treatment Plants (Newly Constructed)

Under *The Manitoba Water Services Board Act* the Board entered into seven cost sharing agreements with municipalities for the construction of water treatment plants and to operate the plants at full recovery of operating costs. As at April 1, 2000 the Board operated a plant at Elm Creek.

To meet the objectives of the Board and at the request of the municipalities, the Board has terminated the operating agreements for the following water treatment plants:

Rapid City, Town	October 1, 1997
Cranberry Portage, (Kelsey, R.M.)	January 1, 1998
Birch River, (Mountain, R.M.)	April 1, 1998
Grunthal, (Hanover, R.M.)	April 1, 1998
Miami, (Thompson, R.M.)	April 1, 1999
Swan Lake, (Lorne, R.M.)	April 1, 1999

Effective April 1, 2001 the water rate remained unchanged at the remaining plant operated by the Board.

Sale of Water Town or Municipality	Consumption 2000-01	Actual Cost of Production per 1,000 I.G.	April 1/01 Selling Price 1,000 I.G.	Type of Treatment
Grey, (R.M.)(Elm Creek)	7,589,280	5.750	5.75	C,E, GB

Type of Treatment:

C - Iron and/or manganese removal

E - Chlorination

GB - Membrane, Reverse Osmosis

Capital Construction

The Board enters into agreements with municipalities when requested and approved. Total project management, which includes entering into engineering consultant agreements, obtaining various approvals, entering into contracts and interim financing, are provided.

In 1997, the Manitoba Government revised the Grant Formula for The Manitoba Water Services Board as follows:

a) Projects where there are documented public health or environmental problems and/or have economic benefits to the Province and the municipality will receive a 50% Provincial grant.
b) Projects which are primarily of local improvement in nature will receive a 30% Provincial grant.

An additional grant to a maximum of 10% may be considered by the Board for accepted projects north of the 53rd parallel.

Under the Sewer and Water Program, the Board also undertakes a number of projects in partnership with the Federal Prairie Farm Rehabilitation Administration (PFRA), primarily in the area of rural water development. This includes the development, primarily, of community water sources and rural water pipelines. The costs are shared, generally on a one-third basis between the Board, PFRA and the local municipality.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however an agreement is long enough to ensure a stable period of operation of the works and to guarantee satisfactory water and sewer services to the municipality.

Water and sewer activities, including feasibility studies, design and construction, resulted in a total expenditure of $21.945M, of which $12.000M was contributed by the Province. Project management and interim financing were provided to 30 substantially completed, 31 ongoing and 36 new projects during the year.

Sewer and Water Projects Substantially Completed during 2000-01 were:

Project	Work Description	Project Costs	Provincial Grants
Alexander (2), R.M.	Water and Sewer Infrastructure Study	$33,245	$16,623
Brandon (3), City	Wastewater Treatment Upgrade	3,069,988	1,534,994
Carberry (5), Town	Water Pumphouse Upgrade	97,282	45,000
Carman (4), Town	Lagoon Upgrading	663,437	331,718
Cartier (9), R.M.	Water Treatment Plant Upgrading	151,713	75,856
Cartier (10), R.M.	Water Supply Pipeline	496,794	164,598
Daly, R.M.	Water Supply Pipeline	310,763	103,500
Deloraine (5), Town	Water Treatment Plant Upgrading	326,087	163,044
Grandview (8), R.M. Ph. III	Water Supply Pipeline	1,664,375	554,792
Grey (2), R.M.	Wastewater Stabilization Pond Upgrading	129,008	64,504
Headingley (3), R.M.	Water and Sewer Extensions	727,364	218,209
Kelsey, R.M.	Water Supply and Rural Water Pipeline	800,800	265,389
Leaf Rapids, Town	Water and Sewer Infrastructure Study	28,967	14,483
Macdonald (7), R.M.	Water Supply Upgrade	453,149	226,574
Manitou (5), Town	Water Treatment Plant Upgrading	111,261	55,630
McCreary (6), Village	Water Treatment Plant Upgrading	132,532	66,266
Minitonas (7), Town	Water and Sewer Infrastructure Study	30,849	15,425
Portage la Prairie (13), R.M.	Water Supply Pipelines	820,007	272,871
Portage la Prairie (14), City	Water Supply Upgrade	3,600,885	1,800,443
Riverton (4), Village	Lagoon Upgrading	85,491	42,746
Roblin (5), Town	Watermain Replacement	174,149	52,244
Rosedale (3), R.M. (Kelwood)	Water Treatment Plant Upgrading	34,589	17,295
Rossburn (8), Town	Water Treatment Plant Upgrading	144,568	72,284
Shellmouth-Boulton (2), R.M. (Inglis)	Water Treatment Plant Upgrading	168,900	84,450
Souris (9), Town	Water Quality Study	8,252	4,126
Stuartburn, R.M. (Vita)	Lift Station and Forcemain Replacement	162,227	81,113
Taché, R.M. (Lorette 3)	Wastewater Stabilization Pond	1,423,759	717,254
Thompson (2), R.M. (Miami)	Water Treatment Plant Upgrading	20,159	10,079
Winkler (9), Town	Water Treatment Plant Clarifier Upgrade	100,657	50,328
Winnipegosis (7), Village	Water Treatment Plant Upgrading	79,919	39,960
	Total	$16,051,176	$7,161,798

Sewer and Water Projects Under Design and/or Construction during 2000-01 were:

Project	Work Description	Agreement Estimate	Estimated Grants
Alexander (3), R.M. Ph. I	Water and Sewer Infrastructure Upgrade	$576,500	$249,970
Arborg (7), Town	Water and Sewer Extensions	645,000	204,983
Benito (5), Village	Water Treatment Plant Upgrading	101,000	50,500
Blanshard (4), R.M. (Oak River)	Water Treatment Plant Upgrading	45,000	22,500
Boissevain (6), Town	Water Treatment Plant	3,400,000	1,700,000
Carman (5), Town	Sludge Drying Beds	400,000	200,000
Deloraine (4), Town	Water Treatment Plant Upgrading	400,000	200,000
Dufferin (2), R.M.	Water Supply Pipeline	810,000	230,000
East St. Paul (2), R.M.	Sewermain Extensions	350,000	105,000
Erickson (7), Town	Lagoon and Wetlands Study	47,500	23,750
Flin Flon (7), City Ph. I	Sewage Treatment Plant Upgrading Ph. I	3,000,000	1,780,000
Gimli (5), R.M.	Sewermain Replacement	1,856,000	673,830
Gimli (7), R.M./Town	Wastewater Treatment Facility Design	150,000	75,000
Harrison, R.M. (Sandy Lake)	Pilot Study Water Treatment Plant	15,000	7,500
Lac du Bonnet (5), Town	Water Treatment Plant Functional Design	100,000	50,000
Montcalm (5), R.M.	Water Supply Pipeline	1,000,000	258,333
Notre Dame de Lourdes (5), Village	Water Treatment Plant Upgrading	10,000	5,000
Pipestone, R.M. (Reston)	Water Treatment Plant Upgrading	110,000	55,000
Portage la Prairie (15), R.M.	Water Supply Pipeline	1,000,000	333,333
Powerview (3), Village	Sewermain Extensions and Lift Station	400,000	100,000
Rivers (2), Town	Sewage Lagoon Study	32,000	16,000
Roblin (6), Town	Water Treatment Plant Upgrading	200,000	100,000
Rosedale (4), R.M.	Water Supply Pipeline	60,000	20,000
St. Andrews, R.M.	Regional Sewage Feasibility Study	10,000	5,000
Ste. Rose du Lac (8), Town	Water Treatment Plant Upgrading	400,000	200,000
Shoal Lake (5), Town	Lagoon Effluent Diversion	200,000	100,000
Snow Lake (4), Town	Water Supply System Feasibility Study	25,700	12,850
Stanley (4), R.M.	Watermains and Service Connections	380,000	101,333
Swan River (4), Town	Water Treatment Plant Functional Design	100,000	50,000
West St. Paul, R.M.	Engineering for Regional Sewage Facility	57,500	28,750
Winnipegosis (8), Village	Water Treatment Plant Upgrading	400,000	200,000
	Total	$16,281,200	$7,158,632

Water and Sewer Construction Agreements Signed during 2000-01 were:

Project	Date Agreement Signed	Estimated Capital Cost of Project
Alexander (3), R.M.	August 28, 2000	$576,500
Blanshard (4), R.M.	February 5, 2001	45,000
Brandon (3), City	July 31, 2000	3,000,000
Carberry (5), Town	July 31, 2000	100,000
Carman (5), Town	August 4, 2000	400,000
Cartier (10), R.M.	May 2, 2000	500,000
Daly, R.M.	August 28, 2000	380,000
Dufferin (2), R.M.	July 31, 2000	810,000
East St. Paul (2), R.M.	August 28, 2000	350,000
Erickson (7), Town	January 30, 2001	47,500
Headingley (3), R.M. (Ph. 3)	July 31, 2000	650,000
Kelsey, R.M. (Ph.1)	June 7, 2000	750,000
Lac du Bonnet (5), Town	October 25, 2000	100,000
Leaf Rapids, Town	June 26, 2000	32,000
Macdonald (7), R.M.	July 31, 2000	600,000
Manitou (6), Town	August 28, 2000	200,000
Montcalm (5), R.M.	July 27, 2000	1,000,000
Notre Dame de Lourdes (5), Village	March 5, 2001	20,000
Portage la Prairie (13), R.M.	May 2, 2000	850,000
Portage la Prairie (14), City	September 8, 2000	3,600,000
Portage la Prairie (15), R.M.	October 13, 2000	1,000,000
Powerview (3), Village	August 28, 2000	400,000
Rivers (2), Town	April 4, 2000	32,000
Roblin (6), Town	January 30, 2001	200,000
Rosedale (4), R.M. (Kelwood)	October 13, 2000	60,000
Shellmouth-Boulton (2), R.M. (Inglis)	May 31, 2000	200,000
Shoal Lake (5), Town	July 31, 2000	200,000
Snow Lake (4), Town	August 10, 2000	25,700
Souris (10), Town	August 28, 2000	42,000
Stanley (4), R.M.	June 26, 2000	380,000
Stuartburn, R.M. (Vita)	September 20, 2000	170,000
Swan River (4), Town	August 8, 2000	100,000
Thompson (2), R.M.	May 16, 2000	20,000
West St. Paul, R.M.	December 6, 2000	57,500
Winkler (9), Town	May 16, 2000	103,000
Winnipegosis (8), Village	October 13, 2000	400,000
	Total	$17,401,200

Conservation Districts Program

The Conservation Districts (CD) Program operates under the authority of *The Conservation Districts Act.* The objectives of the Act are to provide for the conservation, control and prudent use of water and land resources. In 1994-95, the day to day management of the Program was placed under the General Manager of The Manitoba Water Services Board. The CD Commission, chaired by the Deputy Minister of Intergovernmental Affairs, is responsible for providing the Minister with advice and guidance on the CD programs and budgets.

A comprehensive sustainable approach to soil and water management within agro Manitoba will be fostered and developed. Many Districts will also carry out programs that support eco tourism, historic resources and wildlife habitat enhancement. Local involvement, which is critical to effective project implementation, will continue to be a requirement and has proven integral to program success. There are presently 13 CDs covering approximately 60% of agro Manitoba.

The Province provides grants of up to 75% of the cost of the CD programs. In 2000-01, the total grants amounted to $2.91M. Conservation Districts and the year each came into being are as follows:

Conservation Districts	Year Established
Alonsa	1978
Cooks Creek	1979
Intermountain	1997
Kelsey	1999
Lake of the Prairies	2001
Little Saskatchewan	1999
Pembina Valley	1990
Tiger Hills	2001
Turtle Mountain	1973
Turtle River Watershed	1975
Upper Assiniboine River	1996
West Souris River	1995
Whitemud Watershed	1972

Details on the activities and the expenditures of each of the CDs are provided in the Conservation Districts of Manitoba Annual Report.

The Manitoba Water Services Board

Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

R. Menon, P.Eng.
General Manager

C. Brigden
Financial Officer

June 28, 2001

Office of the Provincial Auditor

500 - 330 Portage Avenue
Winnipeg, Manitoba
CANADA R3C 0C4

AUDITORS' REPORT

To the Legislative Assembly of Manitoba, and
To the Board of Directors of the Manitoba Water Services Board

We have audited the balance sheet of The Manitoba Water Services Board as at March 31, 2001 and the statements of operating revenues and expenditures and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Office of the Provincial Auditor

Office of the Provincial Auditor

Winnipeg, Manitoba
June 28, 2001

The Manitoba Water Services Board **Exhibit A**

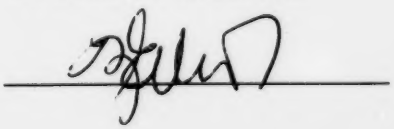
Balance Sheet

as at March 31, 2001

ASSETS	2001	2000
Current assets		
Cash	$ -	$ 240,505
Restricted cash on Deposit (Note 3)	470,488	-
Accounts receivable	3,745,660	3,325,669
Construction in progress (Note 4)	1,074,750	1,695,525
Accrued interest	51,880	70,944
Current portion of debentures receivable	309,374	368,127
	5,652,152	5,700,770
Debentures receivable from municipalities (Note 5)	1,117,178	1,426,553
Capital assets (Note 6)	216,342	280,075
	$ 6,985,672	$ 7,407,398

LIABILITIES	2001	2000
Current liabilities		
Bank Indebtedness	$ 262,727	$ -
Accounts payable and accrued charges	3,932,785	1,034,148
Advances from the Province of Manitoba payable on demand	1,000,000	4,500,000
Current portion of long-term debt	99,539	90,791
Restricted Funds - Whitemud Conservation District (Note 3)	470,488	-
	5,765,539	5,624,939
Long-term debt (Note 7)		
Advances from the Province of Manitoba	651,299	750,838
Funds retained (Note 8)	468,834	931,621
Interest adjustment fund account (Note 9)	100,000	100,000
	568,834	1,031,621
	$ 6,985,672	$ 7,407,398

APPROVED BY THE BOARD



The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 2001

	2001	2000
Revenues		
Sale of water	$ 1,149,800	$ 1,495,300
Administrative expenses paid by the Province of Manitoba (Note 10)	1,839,908	1,854,395
Interest	203,713	309,945
Total revenues	3,193,421	3,659,640
Expenditures		
Direct expenditures for water supply plants		
Interest - Advances payable on demand	202,060	396,231
- Long-term debt	91,715	103,308
Less: Interest allocated to new construction	(161,211)	(355,882)
	132,564	143,657
Chemicals	83,890	97,238
Amortization	57,612	80,448
Heat, telephone, light and power	211,664	153,702
Professional services	579,685	1,201,125
Salaries and benefits	312,513	342,566
Repairs and maintenance	207,326	315,686
Administrative expenses (Note 10)	1,839,908	1,854,395
Total expenditures	3,425,162	4,188,817
Excess (deficiency) of operating revenues over expenditures	(231,741)	(529,177)
Funds retained, beginning of year	931,621	1,878,208
Plant surplus transferred to municipalities on disposition	(231,046)	(417,410)
Funds retained, end of year (Note 8)	$ 468,834	$ 931,621

The Manitoba Water Services Board **Exhibit C**

Statement of Cash Flows

for the year ended March 31, 2001

	2001	2000
Cash provided by (used for):		
Operating activities		
Excess (deficiency) of operating revenues over expenditures	$ (231,741)	$ (529,177)
Expenditure not involving cash - amortization	57,612	80,448
	(174,129)	(448,729)
Change in accounts receivable	(419,991)	(1,421,248)
Change in accounts payable and accrued charges	2,898,637	(3,371,149)
Change in accrued interest	19,063	30,733
Cash provided by (used for) operating activities	2,323,580	(5,210,393)
Financing activities		
Advances received	3,400,000	8,200,000
Advances repaid	(6,990,790)	(10,796,988)
Debentures receivable principal recoveries	368,128	463,782
Cash provided by (used for) financing activities	(3,222,662)	(2,133,206)
Investing activities		
New construction costs	(22,439,098)	(20,182,009)
Funding recovered from:		
Province of Manitoba	11,548,496	12,073,005
Municipalities	11,511,377	11,143,138
Decrease (increase) in construction in progress	620,775	3,034,134
Capital asset disposals	6,121	12,269
Plant surplus transferred to municipalities on disposition	(231,046)	(417,410)
Cash provided by (used for) investing activities	395,850	2,628,993
Decrease in cash	(503,232)	(4,714,606)
Cash, beginning of year	240,505	4,955,111
Cash (bank indebtedness), end of year	$ (262,727)	$ 240,505

Interest paid during the year ended March 31 amounted to $283,207 (2000 - $516,808)

Notes to Financial Statements

for the year ended March 31, 2001

1. NATURE OF ORGANIZATION

The Manitoba Water Services Board was established in July 1972 under *The Manitoba Water Services Board Act* to assist in the provision of water and sewage facilities to the residents of rural Manitoba. The Board owns and operates water supply plants in the Province, installs or upgrades water and sewage facilities in Manitoba communities, constructs area water pipelines for agricultural and drought proofing purposes and develops farm water sources.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared using generally accepted accounting principles. Operating results of all water supply plants operated by the Board are reflected on an aggregate basis in the Statement of Operating Revenues and Expenditures. Separate equity accounts are maintained for each plant operated by the Board (Note 8).

(b) Capital assets

Capital assets represent water supply plants owned by the Board. They are recorded at cost and amortization is calculated on a straight-line basis over the following terms:

Plants constructed prior to January 1, 1972	equipment	18 years
	buildings	35 years
Plants constructed after January 1, 1972	equipment	20 years
	buildings	20 years

(c) Revenue recognition

Revenue from sale of water is recognized in the period when consumed by the town or municipality.

(d) Administrative expenses paid by the Province of Manitoba

Administrative expenses are paid by the Province of Manitoba on behalf of the Board and recorded at fair value in the financial statements.

(e) Pension costs and obligations

The Board's employees are eligible for membership in the provincially-operated Civil Service Superannuation Plan. The pension liability for Board employees is included in the Province of Manitoba's liability for the Civil Service Superannuation Fund. Accordingly, no provision is recorded in the financial statements related to the effects of participation in the pension plan by the Board and its employees.

3. RESTRICTED CASH ON DEPOSIT

The Board holds in trust an infrastructure renewal reserve account for the Whitemud Conservation District to be used over the next ten years towards the Province's 75% contribution to replace aging waterway bridges and crossings. The Whitemud Conservation District will assume responsibility for the Provincial waterway infrastructure.

4 CONSTRUCTION IN PROGRESS

	2001	2000
Balance, beginning of year	$ 1,695,525	$ 4,729,659
New construction costs	22,439,098	20,182,009
	24,134,623	24,911,668
Funding recovered from:		
Municipalities	11,511,377	11,143,138
Province of Manitoba	11,548,496	12,073,005
	23,059,873	23,216,143
Balance, end of year	$ 1,074,750	$ 1,695,525

5 DEBENTURES RECEIVABLE FROM MUNICIPALITIES

Prior to April 1985, the Board financed capital construction costs through long-term debt at fixed interest rates with the Province of Manitoba and the Canada Mortgage and Housing Corporation. Municipalities financed the municipal share of capital construction costs by issuing debentures to the Board. The debentures were issued in amounts and at fixed interest rates sufficient to discharge the municipalities' share of the Board's corresponding long-term debt financing. Since April 1985, the Board has recovered the municipal share of capital construction costs on a current basis.

Schedule of Debentures Receivable from Municipalities:

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
2000	October 31	13.750	$ -	$ 89,788
2000	December 31	12.750	-	2,195
2001	December 31	13.125	10,763	20,280
Subtotal (carried forward)			$ 10,763	$ 112,263

5. **DEBENTURES RECEIVABLE FROM MUNICIPALITIES (continued)**

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
Subtotal (brought forward)			$ 10,763	$ 112,263
2002	December 31	13.125	96,148	136,028
2003	December 31	12.625	156,088	196,913
2004	December 31	12.750	595,217	704,468
2005	October 31	10.950	306,540	350,948
2006	October 31	9.800	102,799	114,995
2006	October 31	8.000	158,997	179,065
Total debentures receivable			1,426,552	1,794,680
Less: current portion			309,374	368,127
Debentures receivable beyond one year			$ 1,117,178	$ 1,426,553

6. **CAPITAL ASSETS**

	2001	2000
Land and easements	$ 23,165	$ 28,955
Buildings	1,351,253	1,619,662
Less accumulated amortization	1,158,076	1,368,542
	193,177	251,120
Equipment	474,900	546,005
Less accumulated amortization	474,900	546,005
Total capital assets	$ 216,342	$ 280,075

7. LONG-TERM DEBT

Year of Maturity	Annual Payment Date	Interest Rate(%)	2001	2000
Advances from the Province of Manitoba:				
2004	March 31	9.250	$ 10,782	$ 13,786
2006	October 31	9.800	125,084	139,923
2007	March 31	9.625	593,734	664,598
2007	October 31	9.400	21,238	23,322
Total advances payable			750,838	841,629
Less: current portion			99,539	90,791
Advances payable beyond one year			$ 651,299	$ 750,838

The Board has the right at any time to repay in whole or in part the advances from the Province of Manitoba.

The aggregate amount of payments required in each of the next five years to meet debt retirement provisions are:

2002	$ 171,938
2003	$ 171,938
2004	$ 171,938
2005	$ 167,660
2006 and beyond	$ 67,364

8. FUNDS RETAINED

Funds retained consist of accumulated excess revenues over expenditures pertaining to the water supply plants owned and operated by the Board for the benefit of municipalities and pertaining to plants operated by the Board under agreements with municipalities. Separate equity accounts are maintained for each plant operated by the Board. Municipalities are responsible for any deficit balances and are given credit for surplus balances whenever plant operating responsibilities are transferred to the municipalities.

Funds retained also include the gain on the sale of the Red River Regional Water Supply System.

8. **FUNDS RETAINED (continued)**

Funds retained consist of the following:

	No.	2001 Amount	No.	2000 Amount
Plants owned by the Board				
Plants with a deficit	5	$ (504,081)	4	$ (256,179)
Plants with a surplus	9	628,362	13	832,100
	14	124,281	17	575,921
Plants owned by Municipalities				
Plants with a surplus	1	22,996	1	28,346
Total funds retained, water supply plants	15	147,277	18	604,267
Gain on Sale of the Red River Regional Water Supply System		321,557		327,354
Total funds retained		$ 468,834		$ 931,621

Subsequent to year end, no Water Treatment Plants have been transferred.

9. **INTEREST ADJUSTMENT FUND ACCOUNT**

The Board allocates interest costs to construction projects and to the operations of water supply plants at a rate comparable to the Board's cost of borrowing. The interest allocated and the actual net interest cost incurred by the Board are recorded in the Interest Adjustment Fund Account. Board policy is to maintain a balance of $100,000 in the Interest Adjustment Fund Account to absorb any shortfall in the allocation of actual net interest costs for the year. Interest costs were fully allocated for both the current and the preceding year.

10. ADMINISTRATIVE EXPENSES PAID BY THE PROVINCE OF MANITOBA

Administrative expenses paid by the Province of Manitoba and included in expenditures are as follows:

	2001	2000
Professional services	$ 23,459	$ 15,210
Salaries and benefits	1,450,494	1,481,055
Telephone and utilities	25,331	26,736
Travel	46,073	14,394
Rental for office premises	132,788	134,349
Other administrative	161,763	182,651
	$ 1,839,908	$ 1,854,395

11. COMMITMENTS

	2001	2000
The Board has commitments as follows:		
Signed agreements and offers for construction of sewer and water systems for municipalities and cooperatives.	$ 17,864,863	$ 22,881,057
These commitments are expected to be funded as follows:		
Subsidization of construction costs - Province of Manitoba	$ 5,522,200	$ 8,995,428
Recovery of construction costs - Municipalities and Cooperatives	12,342,663	13,885,629
	$ 17,864,863	$ 22,881,057

The Board recovers construction costs on a current basis from municipalities and cooperatives through funds provided by the Province of Manitoba under *The Loan Act*. As at March 31, 2001, the Province had unused authority of $43,099,900 under *The Loan Act, 2000* to provide this financing to the Board for the construction of municipal sewer and water facilities on behalf of municipalities and cooperatives.

12. CONTINGENCIES

The Board is involved in legal proceedings arising in the normal course of business, the outcome of which cannot be predicted at this time. In the opinion of management, the disposition of these cases will not materially affect the financial position of the Board. Any settlement will be recognized in the year the settlement occurs.

13. RELATED PARTY TRANSACTIONS

The Board is related in terms of common ownership to all Province of Manitoba created Departments, Agencies and Crown Corporations. The Board enters into transactions with these entities in the normal course of business.

14. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

15. FINANCIAL INSTRUMENTS

Fair Value

The carrying amounts of cash, accounts receivable, accrued interest, the current portion of debentures receivable, accounts payable, accrued charges, advances from the Province of Manitoba payable on demand, and the current portion of long term debt reported on the balance sheet approximate their fair market value due to their short-term nature.

Debentures receivable and long-term debt are estimated using public quotations or discounted cash flow analysis, based on current corresponding borrowing rates for similar types of borrowing arrangements. They are not materially different from their carrying value.

Credit Risk

The Board, in the normal course of business, is exposed to credit risk from the rural municipalities it serves. The Board's financial assets that are exposed to credit risk consist primarily of accounts receivable and debentures receivable.

Accounts receivable are primarily short-term receivables from rural municipalities. Debentures receivable are long-term receivables from Rural Municipalities which have fixed interest rates and repayment terms. Credit evaluations are done for each Rural Municipality.

Interest Rates

The Board is not exposed to significant interest rate risk due to the short term nature of the current asset and current liabilities, and the fact that its debentures receivable and long-term debt are at fixed interest rates.